



天津泰達生物醫學工程股份有限公司

**Tianjin TEDA Biomedical Engineering Company Limited**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 8189)**

## **ANNOUNCEMENT ON FIRST QUARTERLY RESULTS FOR 2017**

### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*The information set out in this announcement, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited (the “Company”) collectively and individually accept full responsibility, is given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this announcement or any statement herein misleading.*

## HIGHLIGHTS

- Consolidated turnover of the Group for the three months ended 31 March 2017 amounted to RMB67,174,593, representing a decrease of 24.03% as compared to the same period of last year (31 March 2016: RMB88,416,963).
- Consolidated gross profit of the Group for the three months ended 31 March 2017 amounted to RMB9,312,844, representing a decrease of 47.61% as compared to the same period of last year (31 March 2016: RMB17,774,983).
- Loss attributable to the equity owners of the Company for the three months ended 31 March 2017 was RMB2,939,138 (31 March 2016: the profit of RMB2,238,319); the loss per share of the Company was RMB0.184 cents as compared to earnings per share of RMB0.140 cents of the same period of last year.
- The Board does not recommend the payment of dividend for the three months ended 31 March 2017.

## QUARTERLY RESULTS (UNAUDITED)

The board of directors (the “Board”) of Tianjin TEDA Biomedical Engineering Company Limited (the “Company”) is pleased to announce the unaudited quarterly results of the Company and its subsidiaries (hereafter collectively referred to as the “Group”) for the three months ended 31 March 2017, together with the comparative figures of the corresponding period in 2016 as follows:

		(Unaudited)	
		For the three months	
		ended 31 March	
		2017	2016
	Notes	RMB	RMB
<b>Continuing operation</b>			
Revenue	2	67,174,593	88,416,963
Cost of sales		<u>(57,861,749)</u>	<u>(70,641,980)</u>
Gross profit		9,312,844	17,774,983
Other expenses and net loss		(398,823)	(2,329,743)
Selling and distribution costs		(3,189,721)	(4,499,762)
R&D and administrative expenses		(7,994,134)	(8,163,796)
Finance costs		<u>(829,176)</u>	<u>(958,680)</u>
(Loss)/Profit before taxation		(3,099,010)	1,823,002
Income tax expense	3	(339,538)	(354,284)
<b>(Loss)/Profit and comprehensive income for the period from continuing operation</b>		<u>(3,438,548)</u>	<u>1,468,718</u>
<b>Discontinued operation</b>			
Loss for the period from discontinued operation		–	–
<b>(Loss)/Profit and comprehensive income for the period</b>		<u>(3,438,548)</u>	<u>1,468,718</u>
<b>Attributable to:</b>			
Owners of the Company			
– (Loss)/Profit for the period from continuing operation		(2,939,138)	2,238,319
– Loss for the period from discontinued operation		–	–
Non-controlling interests			
– Loss for the period from continuing operation		(499,410)	(769,601)
– Loss for the period from discontinued operation		<u>–</u>	<u>–</u>
Loss for the period attributable to non-controlling interests		<u>(499,410)</u>	<u>(769,601)</u>
(Loss)/Earnings per share-Basic (RMB)	4		
From continuing and discontinued operation		<u>(0.184) cents</u>	<u>0.140 cents</u>
From continuing operation		<u>(0.184) cents</u>	<u>0.140 cents</u>

Notes:

## 1. Basis of presentation and accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with Hong Kong Financial Reporting Standards, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”). In the current period, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKAS”) (collectively “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants which are relevant to its operations and effective for accounting periods beginning on or after 1 January 2011. The application of the new HKFRSs has had no material impact on the Group’s unaudited results of operations and financial position. The financial statements have been prepared on a going concern basis, assuming that the Group will continue to operate as a going concern. The validity of the Group’s ability to continue as a going concern depends on the success of the Group’s future operations. Consequently, the Directors have prepared the unaudited quarterly results for the three months ended 31 March 2017 on the going concern basis. The principal accounting policies adopted are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

## 2. Revenue

Revenue, which is also the Group’s revenue, represents the invoiced value of goods sold to customers after any allowance and discounts and is analysed as follows:

	For the three months ended 31 March	
	2017	2016
	RMB	RMB
<b>Continuing operation</b>		
Fertilizer products	67,174,593	88,416,963
<b>Discontinued operation</b>		
Health care products	—	—
	<u>67,174,593</u>	<u>88,416,963</u>

### 3. TAXATION

#### (a) Enterprise income tax (“EIT”)

Pursuant to the income tax rules and regulations of the PRC, the income tax of the Company and subsidiaries of the Group is calculated based on the statutory tax rate of 25% (2016: 25%), except for the following company.

Guangdong Fulilong Compound Fertilizers Co., Ltd. is recognised as a High and New-Tech enterprise according to the PRC tax regulations and is entitled to a preferential tax rate of 15% (2016:15%).

#### (b) Income tax expense

	<b>For the three months ended 31 March</b>	
	<b>2017</b>	2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current Tax		
Hong Kong	Nil	Nil
Other jurisdictions	<b>339</b>	354
	<b><u>339</u></b>	<u>354</u>

The income tax charge in Hong Kong is Nil for the three months ended 31 March 2017 (first quarter of 2016: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax charge in the PRC is RMB339,538 for the three months ended 31 March 2017 (first quarter of 2016: RMB354,284).

The charge for the period can be reconciled to the profit per the income statement as follows:

	<b>For the three months ended 31 March</b>	
	<b>2017</b>	2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
(Loss)/Profit before income tax expense		
Continuing operations	<b>(3,099)</b>	1,823
Discontinued operations	—	—
	<b>(3,099)</b>	1,823
Tax calculated at the EIT rate of 25%	<b>(775)</b>	456
Tax rate differential	<b>(192)</b>	(834)
Effect of tax holiday exemption	—	—
Effect of the tax losses on consolidation	<b>1,306</b>	732
Tax effect of expenses that are not deductible in determining taxable profit	—	—
Tax expense for the period	<b>339</b>	354
	<b><u>339</u></b>	<u>354</u>

#### 4. (Loss)/Earnings per share

##### From continuing and discontinued operations

The calculation of the basic earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	For the three months ended 31 March	
	2017	2016
	RMB	RMB
<b>(Loss)/Profit from continued and discontinued operations</b>		
(Loss)/Earnings for the purpose of basic earnings per share	<u>(2,939,138)</u>	<u>2,238,319</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>1,598,835,616</u>	<u>1,595,000,000</u>

##### From continuing operation

The calculation of the basic earnings per share from continuing operation attributable to the owners of the Company is based on the following data:

	For the three months ended 31 March	
	2017	2016
	RMB	RMB
(Loss)/Profit for the period attributable to owners of the Company	(2,939,138)	2,238,319
Add: Loss for the period from discontinued operation	<u>—</u>	<u>—</u>
(Loss)/Earnings for the purpose of basic earnings per share from continuing operation	<u>(2,939,138)</u>	<u>2,238,319</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>1,598,835,616</u>	<u>1,595,000,000</u>

##### From discontinued operations

Basic loss per share for the discontinued operation is 0 cents per share (2016: 0 cents per share), based on the loss for the period from the discontinued operations of RMB0 (2016: RMB0) and the denominators detailed above for basic losses per share.

## DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2017 (first quarter of 2016: Nil).

## MOVEMENT OF RESERVES

	Share Capital		Share premium		Accumulated Losses		Capital reserve		Surplus reserve		other reserve		Total	
	2017 RMB	2016 RMB	2017 RMB	2016 RMB	2017 RMB	2016 RMB	2017 RMB	2016 RMB	2017 RMB	2016 RMB	2017 RMB	2016 RMB	2017 RMB	2016 RMB
Balance as at 1 January	159,500,000	159,500,000	154,667,871	154,667,871	27,513,103	21,542,390	2,541,404	2,541,404	3,717,696	3,717,696	(22,032,403)	(22,032,403)	325,907,671	319,936,958
(Loss)/Net profit attributable to equity holders of the Company for the three Months ended 31 March	-	-	-	-	(2,939,138)	2,238,319	-	-	-	-	-	-	(2,939,138)	2,238,319
Issue of new shares	10,000,000	-	131,984,000	-	-	-	-	-	-	-	-	-	141,984,000	-
Balance as at 31 March	<u>169,500,000</u>	<u>159,500,000</u>	<u>286,651,871</u>	<u>154,667,871</u>	<u>24,573,965</u>	<u>23,780,709</u>	<u>2,541,404</u>	<u>2,541,404</u>	<u>3,717,696</u>	<u>3,717,696</u>	<u>(22,032,403)</u>	<u>(22,032,403)</u>	<u>464,952,533</u>	<u>322,175,277</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group's business is currently engaged in two industry sectors: (1) biological compound fertilizer products, which principally includes a series of biological compound fertilizer products under the brand of "Fulilong" that is used for the promotion of balanced growth of grains, fruit and vegetables; and (2) health care products, which principally includes a series of health care products under the brand of "Alpha", which covers diabetic health care products with the function of regulating blood sugar level, and sugar-free products that is beneficial to human body health.

### Financial Review

For the three months ended 31 March 2017, the Group achieved a consolidated turnover of RMB67,174,593, representing a decrease of 24.03% as compared to the same period of last year (31 March 2016: RMB88,416,963), the consolidated gross profit of the Group was RMB9,312,844, representing a decrease of 47.61% as compared to the same period of last year (31 March 2016: RMB17,774,983), and the consolidated gross profit margin of the Group was 13.86%, which was lower to the same period of last year (31 March 2016: the consolidated gross profit margin was 20.10%).

For the three months ended 31 March 2017, the loss attributable to the owners of the Company was RMB2,939,138 (31 March 2016: the profit was RMB2,238,319); and loss per share of the Company was RMB0.184 cents as compared to earnings per share of RMB0.140 cents of the same period in the previous year.

## **PLEDGE OF ASSETS AND CONTINGENT LIABILITIES**

As at 31 March 2017, the Group and the Company had contingent liabilities amounting to RMB10,000,000 (31 December 2016: RMB15,000,000) and RMB10,000,000 (31 December 2016: RMB15,000,000) respectively which were related to the security provided for bank loans granted to its subsidiaries.

## **FOREIGN CURRENCY RISK**

The Group has a relatively low foreign currency risk since all the sales of the Group are domestic sales in China denominated in Renminbi and all payables to suppliers are also denominated in Renminbi.

## **TREASURY POLICIES**

The Group's bank borrowings are denominated in Renminbi and are usually renewed for one year upon maturity. Any surplus cash will be placed as deposits with licensed banks in China.

## **FUTURE OUTLOOK**

According to “Guiding Opinions on Promoting the Transformation Development of Fertilizer Industry” published by the Ministry of Industry and Information Technology of China and the requirements of the “Action Program for Zero Growth in the Use of Fertilizer by 2020” formulated by the Ministry of Agriculture, the Company's subsidiaries, Guangdong Fulilong (“Guangdong Fulilong”) and Shandong Hidersun (“Shandong Haidesi”), will plan to quicken the pace of the research and development of new ecological and environment-protection fertilizers according to the aforesaid guidelines and requirements and continue to make adjustments on product structure and marketing model according to market changes, striving to improve the operation quality and efficiency of the Group's biological compound fertilizer business and ensure its sustainable and sound development. In addition, with the improvement on the living standard of people and the acceleration of aging population, the demand for medical services increases steadily and the medical and healthcare sector has become the strategic emerging industry. Since the Company has successfully acquired the world's unique quantitative EEG detection and diagnosis technology, the Company will gradually introduce such advanced and matured medical and healthcare projects into the East Asian markets and constantly foster new sources of profit growth in the future, aiming to achieve the Company's upgrading in both its strategy and innovation and transformation.



## DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2017, the interests of the directors and supervisors of the Company and their respective associates in the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) were as follows:

### Long position in the ordinary shares of the Company of RMB0.1 each:

Directors/Supervisors/ Executive Officers	Personal	Family	Corporate	Others	Total	Percentage of issued share capital
Ms. Sun Li	–	–	300,000,000 <i>(Note 1)</i>	–	300,000,000	17.70%
Mr. Chen Yingzhong	–	–	170,000,000 <i>(Note 2)</i>	–	170,000,000	10.03%

*Note 1.* Out of these shares, 180,000,000 shares are held by Shenzhen Xiangyong Investment Company Limited (“Xiangyong Investment”) and 120,000,000 shares are held by Dongguan Lvye Fertilizers Company Limited (“Lvye Fertilizers”). Ms. Sun Li is the beneficial owner who holds 15% equity interest in Beijing Yingguxinye Investment Co., Ltd. (“Yingguxinye”), while Yingguxinye holds 100% equity interest in Xiangyong Investment and Lvye Fertilizers, respectively. All of the shares represent domestic shares.

*Note 2.* These shares are held by Shandong Zhinong Fertilizers Company Limited (“Zhinong Fertilizers”), and Mr. Chen Yingzhong is the beneficial owner who is holding the 100% equity interest in Zhinong Fertilizers. All of the shares represent domestic shares.

Save as disclosed in this paragraph, as at 31 March 2017, none of the directors, supervisors and other executive officers of the Company had interests in any securities, underlying shares and debentures of the Company or any of its associated corporations, which were required (a) to notify the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) otherwise to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

## DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

At no time during the period under review was the Company, its subsidiaries or its holding company a party to any arrangement which enables the directors and supervisors of the Company or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares of the Company.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2017, the following persons (other than the directors and supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

### Long position in the ordinary shares of the Company of RMB0.1 each:

Name of shareholder	Capacity	Number of ordinary shares	Percentage of the issued share capital
Tianjin TEDA International Incubator (“TTII”)	Beneficial owner	182,500,000 (Note 1)	10.77%
Shenzhen Xiangyong Investment Company Limited (“Xiangyong Investment”)	Beneficial owner	180,000,000 (Note 1)	10.62%
Shandong Zhinong Fertilizers Company Limited (“Zhinong Fertilizers”)	Beneficial owner	170,000,000 (Note 1)	10.03%
Dongguan Lvye Fertilizers Company Limited (“Lvye Fertilizers”)	Beneficial owner	120,000,000 (Note 1)	7.08%
Shu Ju Ku Inc.	Beneficial owner	100,000,000 (Note 2)	5.90%

Note 1: All of the shares represent domestic shares.

Note 2: All of the shares represent H shares.

Save as disclosed above, as at 31 March 2017, the directors of the Company were not aware of any other person (other than the directors and supervisors of the Company) who had interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to notify the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

## **COMPLETION OF THE ACQUISITION OF 51% EQUITY INTEREST IN SJKGC**

On 17 March 2017, the Company announced in its announcement of even date (the “Announcement”) that all conditions precedent under the Agreement had been fulfilled and the Completion took place on 17 March 2017. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement. The Company had nominated HK TEDA as its nominee to hold the Sale Shares on its behalf and a new shareholders’ agreement of SJKGC has been entered into amongst the Vendor, HK TEDA and SJKGC on 17 March 2017, which terms and conditions are substantially the same as those set out in the Shareholder Agreement (which in turn has been terminated.) Following the Completion, SJKGC had become a non-wholly-owned subsidiary of the Company and its financial information will be consolidated into the Company’s financial statements. In accordance with the terms of the Agreement, upon Completion, the Company had allotted and issued 100,000,000 Consideration Shares at the issue price of HK\$1.60 each to the Vendor as part of the Consideration. For details please refer to the Announcement.

## **CHANGE OF AUTHORISED REPRESENTATIVE**

On 10 April 2017, the Company announced that Mr. Wang Shuxin ceased to be the authorised representative of the Company for the purpose of Rule 5.24 of the GEM Listing Rules with effect from 10 April 2017, and that Ms. Sun Li, an executive director, the Chairman and the Chief Executive Officer of the Company, had been appointed as the authorised representative of the Company for the purpose of Rule 5.24 of the GEM Listing Rules with effect from 10 April 2017. Please refer to the announcement of the Company dated 10 April 2017 for details.

## **COMPETING INTERESTS**

During the three months ended 31 March 2017, none of the directors, the supervisors, or the management shareholders and their respective associates of the Company (as defined under the GEM Listing Rules) competes or may compete with the business of the Group or has or may have any other conflicts of interest with the Group required to be disclosed pursuant to the GEM Listing Rules.

## **AUDIT COMMITTEE**

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules and by reference to the “Guidelines for The Establishment of An Audit Committee” published by the Hong Kong Institute of Certified Public Accountants. The audit committee provides an important link between the Board and the Company’s auditor in matters coming within the scope of the Group’s audit. The primary duties of the committee are to review and supervise the financial reporting process of the Group. It also reviews the effectiveness of the external audit, internal controls and risk evaluation. The Audit Committee of the Company comprises three independent non-executive directors, namely Mr. Li Xudong, Mr. Duan Zhongpeng and Ms. Gao Chun, among whom, Mr. Li Xudong has been appointed as the chairman of the committee due to his professional qualifications in accounting and auditing experience.

The Audit Committee has reviewed the results and the first quarterly report of the Group for the three months ended 31 March 2017.

## **SHARE OPTION SCHEME**

The Company has not approved any new share option scheme during the period ended 31 March 2017.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered or existed during the period ended 31 March 2017.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

The Company did not redeem any of its shares during the period under review. Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s shares during the period ended 31 March 2017.

## CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company has endeavored to apply the code provisions as set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 15 of the GEM Listing Rules to the internal operations of the Group. The corporate governance principles which the Company are complying emphasize on an efficient board of directors and sound internal control, as well as the transparency presented to all of the shareholders. The Directors are of the view that, the Company had complied with all the provisions of the Code except A.2.1 of the Code during the period under review.

Since September 2015, as Ms. Sun Li serves as the Chairman and the Chief Executive Officer, such practice deviates from code provision A.2.1 of the Code. The Board is of the opinion that it is currently appropriate and in the best interests of the Company for Ms. Sun Li to hold both positions as it helps to maintain the stability of the continuous operations of the Company and the transformation and upgrading of healthcare business. The Company has been proactively recruiting candidates for the post of Chief Executive Officer through different means so as to fulfill the requirements of A.2.1 of the Code as soon as possible for increasing the transparency and independence of corporate governance.

By order of the Board

**Sun Li**

*Chairman*

Tianjin, the PRC, 9 May 2017

*As at the date of this announcement, the executive Directors of the Company are Sun Li, Hao Zhihui and Liu Renmu; the non-executive Directors of the Company are Chen Yingzhong, Feng Enqing and Li Ximing; the independent non-executive Directors of the Company are Li Xudong, Duan Zhongpeng and Gao Chun.*

*This announcement will remain at the “Latest Company Announcements” page on the GEM website at <http://www.hkgem.com> for at least seven days from the date of its posting. This announcement will also be published and remains on the website of the Company at [www.bioteda.com](http://www.bioteda.com).*